

Austria	.....	8 S.	Lebanon	.....	94 P.
Belgium	.....	12 B-F.	Luxembourg	.....	12 L-F.
Denmark	.....	2.25 D.Kr.	Morocco	.....	1.50 Dr.
Elce (inc. 1980)	.....	1.40 F.M.	Norway	.....	2.25 N.Kr.
France	.....	1.40 Fr.	Portugal	.....	6 Esc.
Germany	.....	1 D.M.	Spain	.....	18 Ptas.
Great Britain	.....	10 P.	Sweden	.....	9.75 S.Kr.
Greece	.....	10 Drs.	Switzerland	.....	1.20 S.F.
India	.....	Rs. 100	Turkey	.....	7.50 L.
Iran	.....	200 Rls.	U.S. Military	.....	50 Dn.
Israel	.....	1 L.S.	Yugoslavia	.....	6 Dn.



A significant, step-up in the fighting was reported over the weekend on the second of the major fronts the North Vietnamese opened in their spring offensive.

South of An Loc, about 40 miles north of Saigon, most of a battalion of Saigon's 5th Division was lost Friday and Saturday in heavy fighting that was not acknowledged by the government spokesman until yesterday.

A U.S. Army helicopter was hit by ground fire and the pilot was

(Continued on Page 2, Col. 1)

Later tonight, British and American consular officials who went to the Aeroflot hotel were told that all Americans, and Britons in the group had left Moscow on an Aeroflot flight to London. The officials were unable to determine how many of the stranded tourists that represented.

"We are prisoners of the Soviet state, not guests of the So-







## on Denounced

## Says Pentagon Plans Spirit of Arms Pacts

By Hedrick Smith

WASHINGTON, Sept. 4 (AP)—The Pentagon today accused the Soviet Union of "betraying" the spirit of arms pacts signed in Moscow last May unless funds were voted by Congress for accelerated development of a new longer-range Trident underwater missile and the B-1 strategic bomber.

Although the commentary did not mention Mr. Laird by name, this was the first time his position had been so forthrightly attacked in the Soviet press since President Nixon's summit visit in May.

The lengthy Soviet commentary also renewed Soviet objections to Sen. Henry M. Jackson's effort to attach conditions to a congressional resolution approving the interim agreement limiting offensive nuclear arsenals.

The objections to the Jackson conditions were seen as an effort by Moscow to discourage prospective support for the Washington Democratic maneuver when the weapons-systems resolution comes up for a vote soon in the Senate.

The House has already overwhelmingly approved the resolution on the agreement controlling offensive weapons systems.

Sen. Jackson is trying to attach a rider that would require future agreements to be based on the principle of equality of forces because of his objections to certain numerical advantages granted to Moscow under the May formula.

Today's commentary was directed not only against such a move, which it dismissed as an unwarranted reinterpretation of the agreement, but also against the longer-term programs of the Pentagon.

"Opposition to the Soviet-American agreements, mostly coming from the Pentagon and industrialists, is the only obstacle in the way of limiting the arms race and general prospects for disarmament," Kiyevskiy asserted.

These critics, it said, formally recognize the significance of agreements on offensive weapons and express readiness to comply but at the same time demand authority to increase military strength in areas "which at present are not covered by the agreements, specifically, acceleration of the new Trident underwater longer-range rocket system (intended as a replacement of Polaris and Poseidon) and the construction of a new strategic bomber, the B-1."

## Court Million Red Man

Sept. 4 (AP)—Jury nearly \$4 million has been awarded to an Ely, Minn., man in a lawsuit against a company that he said had caused him to lose his job.

The jury awarded \$3 million to the plaintiff, who said he was injured by a company's negligence.

The jury also awarded \$1 million in damages for the company's negligence.

The jury's decision was a surprise to many observers.

The company's lawyers are expected to appeal the decision.

## Should Create Jobs, Ethical Shriver Says

N.Y., Sept. 4 (AP)—Sen. Charles McNichols today said that President Nixon's creation of jobs for the unemployed is a "moral imperative."

McNichols, a Democrat, said that the government has a responsibility to create jobs for the unemployed.

He said that the government should create jobs for the unemployed as a moral imperative.

McNichols said that the government should create jobs for the unemployed as a moral imperative.

He said that the government should create jobs for the unemployed as a moral imperative.

## Bilingual Drive By U.S.-Mexican Minority Party

EL PASO, Texas, Sept. 4 (AP)—Delegates to the first national convention of the U.S.-Mexican Minority Party met today in El Paso.

The party is a political party of Mexican-Americans which was founded in Texas, where its candidates have been successful in some local elections.

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## POUX RMA

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**General Management in Basle, Aeschenvorstadt 1, and in Zurich, Paradeplatz 6.**

## INTERNATIONAL FUNDS

### ADVERTISEMENT

Sept. 4, 1973

The net asset value quotations shown below are supplied by the Funds listed. The International Herald Tribune cannot accept responsibility for them. Following marginal symbols indicate frequency of quotations supplied to the IHT: (d)-daily; (w)-weekly; (r)-regular; (i)-irregularly.

[illegible]

A Complete and Personal  
Banking Service in Porto Alegre  
**Pancada, Moraes**

## Bankers

**ST. Rua Augusta — Lisbon**

To the Holders of  
**Maritimecor, S. A.**

Secured Floating Rate Notes 1982

In accordance with the provisions of the above Bankers Trust Company, as Paying Agent there established the Rate of Interest on such Notes semi-annual period ending February 28, 1973 and three-quarters per cent (75%) per annum. due on such date will be payable upon surrender non No. 1.

**Dated: September 5, 1972** **Bankers Trust Co.**  
**Paying Agent**

**Save and Prosper  
Jardine Japan  
Fund S.A.**

**Notice of Meeting.**

Notice is hereby given that the second Annual Ordinary of Shareholders will be held at Motoblock Building, Cash Hamilton, Bermuda (the principal office of the Corporation) September 28th, 1972, at 12 noon for the following purposes:

1. To receive the Reports of the Directors and Auditors Statement of Accounts for the year to June 30th. 1937.
2. To appoint auditors to hold office until their succe appointed at a rate of remuneration to be decided by the
3. To fix the number of and to elect Directors.
4. To determine the remuneration of the Directors.
5. To consider a change in the investment policy to permit investment in certain other countries in the Far East.
6. To consider a proposed that the Charter of the Corps altered so that Article FIRST reads "The name of the Co. is 'Sara and Pronger Industries For Eastern Fund S.L.'"
7. To transact any other business of an Ordinary Meeting holders.

Metablock Buildings.  
Gotham Road,  
Hamilton,  
Bermuda.  
July 8th. 1872.

**NOTE**—A member entitled to attend and vote at the Ordinary Meeting is entitled to appoint a proxy to attend and vote on his behalf.

**All these bonds having been sold, this announcement appears as a matter of record only.**

**August 31, 1972**

**INTERNATIONAL STANDARD ELECTRIC  
CORPORATION**

**A wholly-owned subsidiary, incorporated in the State of Delaware, U.S.A., of  
International Telephone and Telegraph Corporation.**

800,000,000 Luxembourg Francs  
6½ per cent. Bonds due 1987

**KREDIETBANK S.A. LUXEMBOURGEOISE**

KUHN, LOEB & CO.	LAZARD FRÈRES & CO.	BANQUE DE PARIS ET DES PAYS-BAS
CRÉDIT COMMERCIAL DE FRANCE	LAZARD FRÈRES ET CIE	SOCIÉTÉ GÉNÉRALE
	WILLIAMS, GLYN & CO.	

**CREDIT SUISSE (BAHAMAS)** **SWISS BANK CORPORATION (OVERSEAS)**  
 Limited Limited  
**UNION BANK OF SWITZERLAND (UNDERWRITERS)** **BANQUE POPULAIRE SUISSE (UNDERWRITERS) S.A.**  
 Limited Limited

ALRAHI BANK OF KUWAIT (K.S.C.)	ALGEMENE BANK NEDERLAND N.V.	AMSTERDAM-ROTTERDAM BANK N.V.	ASSOCIATED JAPANESE BANK (INTERNATIONAL) Limited	
JULIUS BAER INTERNATIONAL Limited	BANCA COMMERCIALE ITALIANA	BANCA NAZIONALE DELL'AGRICOLTURA S.p.A.	BANCA NAZIONALE DEL LAVORO Limited	
BANCA PRIVATA FINANZIARIA	BANCA PROVINCIALE LOMBARDA	BANCO AMBROSIANO	BANCO DI ROMA / COMMERZBANK A.G. / CREDIT LYONNAIS	BANCO DI SICILIA
BANQUE DE BRUXELLES S.A.	BANQUE DE COMMERCE S.A.	BANQUE COMMERCIALE	BANQUE EUROPEENNE DE FINANCEMENT	BANQUE EUROPEENNE DE TOKYO
BANQUE FRANÇAISE DU COMMERCE EXTÉRIEUR	BANQUE FRANCO-PORTUGAISE D'OUTRE-MER	BANQUE GÉNÉRALE DU LUXEMBOURG S.A.	BANQUE DE L'INDOCHINE	
BANQUE INTERNATIONALE À LUXEMBOURG S.A.	BANQUE LAMBERT S.C.S.	BANQUE LAMBERT - LUXEMBOURG S.A.	BANQUE NATIONALE DE PARIS	
BANQUE DE NEUFVILLE, SCHLUNBERGER, MALLET	BANQUE DE PARIS ET DES PAYS-BAS à Paris et à Grand-Duché de Luxembourg	BANQUE PRIVÉE S.A.	BANQUE ROTHSCHILD	
BANQUE DE SUÈZ ET DE L'UNION DES MINES	BANQUE DE L'UNION EUROPÉENNE	BANQUE DE L'UNION PARISIENNE	BANQUE WORMS	BANKING BROTHERS & CO. Limited
H. ALBERT DE BARY & CO. N.V.	BERLINER HANDELS-GESellschaft - FRANKFURTER BANK	CAISSE CENTRALE DES BANQUES POPULAIRES		
JAMES CAPELL & CO.	CAPITALFIN INTERNAZIONALE S.p.A.	COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS (UNDERWRITERS) S.A.		
COMPAGNIE FINANCIÈRE HERSTATT S.A.	COMPAGNIE LUXEMBOURGEOISE DE BANQUE S.A.	CREDITANSTALT-BANKVEREIN		
CREDIT GÉNÉRAL DE BELGIQUE S.A. DE BANQUE	CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE	CREDIT INDUSTRIEL ET COMMERCIAL	CREDIT DU NORD	
CREDITO ITALIANO	THE DAWA SECURITIES CO. LTD.	DEUTSCHE BANK Aktiengesellschaft	DEYWA, CORTVAREDT INTERNATIONAL S.A.	DIRESIONEN BANK Aktiengesellschaft
EDILCENTRO S.p.A.	EURAMERICA INTERNATIONAL Limited	EUROCAPITAL S.A.	FINACOR	ROBERT FLEMING & CO. Limited
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KUNH, LOEB & CO. INTERNATIONAL	KUWAIT INVESTMENT CO. S.A.K.	LA CENTRALE FINANZIARIA GENERALE S.p.A.	LAZARD BROTHERS & CO. Limited	
LLOYDS BOLSA INTERNATIONAL BANK MONTE DEI PASCHI DI SIENA	MORGAN GRENPELL & CO.	NEDERLANDSCHE MIDDELANDSBANK N.V.	THE NIKKO SECURITIES CO. Limited	
THE NOMURA SECURITIES CO. ÖSTERREICHISCHE CREDIT-INSTITUT	PERSON, HELDING & PERSON	R.M. ROTHSCHILD & SONS	SAIFI SECURITIES INTERNATIONAL Limited	
SCHÖELLER & C. J. HENRY SCHRODER WAGG & CO.	SOCIETÀ FINANZIARIA ASSICURATIVA (GRUPPO R.I.A.)	SOCIETÀ NAZIONALE SVILUPPO	SOCIETÉ GÉNÉRALE	
SOCIÉTÉ GÉNÉRALE ALGÉRIENNE DE BANQUE	SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.	SOCIÉTÉ PRIVÉE DE GESTION FINANCIÈRE	STRAUSS, TURNBULL & CO. Limited	
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*These securities have been offered and sold outside the United States of America.  
This advertisement appears as a matter of record only.*

**\$30,000,000**

**Maritimecor, S.A.**

**\$10,000,000 Revolving Credit  
and  
\$20,000,000 Secured Floating Rate Notes 1982  
(with Warrants)  
both guaranteed by**

**MARITIME FRUIT CARRIERS  
COMPANY LIMITED**

BANKERS TRUST INTERNATIONAL LIMITED		WESTERN AMERICAN BANK (EUROPE) LIMITED	
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UE MAX FISCHER E.C.V.	BANQUE OCCIDENTALE POUR L'INDUSTRIE ET LE COMMERCE		
VERISCHE VEREINSBANK INTERNATIONAL, S.A.	CREDITANSTALT-BANKVEREIN		
CREDIT INDUSTRIEL ET COMMERCIAL	BANKEN-DANSKE LANDMÅNDSBANK		
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EFFECTENBANK-WARBURG AKTIENGESELLSCHAFT	ELLIS A.G.	EUROPEAN-BRAZILIAN BANK LIMITED	
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OLAND & CO., INC.	NEDERLANDSE CREDITBANK N.V.	NORDISKA FÖRENINGEN	
OPPENHEIMER & CO. LIMITED	PANMUE GORDON & CO.	SCHÖLLER & CO.	
JOSEPH SEBAG & CO.	SUNDSVALLSBANKEN	SWEDESK CREDIT BANK	
YAMAICHI SECURITIES LTD. OF NEW YORK			



## any to Give EEC Tary Stability Plan

WESTERFEL, West Germany, Sept. 4 (Reuters).—A package of measures to improve stability in Europe when Common Market foreign and trade ministers meet on Sept. 11 and 12 in Rome, Economics and Finance Minister Helmut Schmidt said this weekend.

Schmidt said the package would be presented to the Council of Ministers on Sept. 11. It would include measures to improve the functioning of the monetary system, to strengthen the balance of payments, and to improve the supply of money.

## German Gap In Payments Is Narrower

FRANKFURT, Sept. 4 (AP).—West Germany's basic balance of payments showed a preliminary July surplus of 1.103 billion deutsche marks (about \$443 million), down from a revised June surplus of 3.47 billion DM and a surplus of 1.38 billion DM in July 1971.

In the first seven months, the basic balance was 11.72 billion DM in surplus, up from a surplus of 4.12 billion marks a year ago. The basic balance comprises current accounts (trade, tourism, invisible), and long-term capital transactions.

Overall Balance Improves  
The overall balance, measuring the difference in what is earned abroad from what is spent outside the country, was 5.37 billion DM in surplus on a preliminary basis, down from a surplus of 9.07 billion DM in June, but up from a surplus of 1.34 billion DM a year earlier.

The January-July period produced a preliminary surplus of 19.91 billion DM in the overall balance, up from a surplus of 13.76 billion DM a year ago.

The Bundesbank, reporting the figures, noted that according to preliminary July returns a deficit of 548 million DM in the current account was more than balanced by the net inflow of 1.55 billion DM. The revised June current account surplus was 182 million DM and in July, 1971, there was a deficit of 745 million DM.

Current Deficit Widens  
In the seven-month period, the current accounts showed a preliminary deficit of 593 million DM, compared to a deficit of 219 million DM a year ago.

The July current-account deficit resulted from net inflow of 1.01 billion DM in services and of 1.16 billion DM in transfers, exceeding a net inflow of 1.62 billion DM from the trade surplus.

Long-term capital transactions showed a July surplus of 1.65 billion DM, down from a surplus of 3.29 billion DM in June and 2.04 billion DM a year earlier.

The seven-month, long-term capital transaction surplus was 12.3 billion DM, up sharply from 4.34 billion DM in the 1971 period.

Foreigners Buy Securities  
The Bundesbank noted that purchases of German securities by foreigners produced a net inflow of 1.13 billion DM in the seven-month period, compared with a net inflow of 1 billion DM a year earlier.

Short-term capital transactions produced a July surplus of 4.37 billion DM, up from a surplus of 2.55 billion DM in June and a deficit of 5 million DM a year earlier.

Japan's Exports Rise  
TOKYO, Sept. 4 (AP).—Japan's exports in August totaled \$2.6 billion, up 2.75 percent from a year earlier, the Ministry of International Trade and Industry said today. The figure is the second highest export figure following \$2.7 billion in March 1972, the ministry said.

Japan's imports in August totaled \$2.5 billion, up 2.75 percent from a year earlier, the ministry said.

Japan's trade surplus in August was \$100 million, compared with a surplus of \$100 million in July and a surplus of \$100 million in June.

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## U.K. Industry Capital Outlay Off in Quarter

Official Figures Show  
8 Percent Drop in Year

LONDON, Sept. 4 (AP).—Capital spending by Britain's manufacturing industry declined in the second quarter, figures released today by the Department of Trade and Industry (DTI) showed.

Second-quarter expenditures totaled \$284 million (at constant 1963 prices), down from \$287 million in the first quarter and \$283 million in the year-earlier quarter.

The DTI said investment in the first half of 1972 was about 7 percent below the second half of 1971 and 8 percent below the first half of 1971. The decline in the 1972 half was due to falls of about 7 percent in investment in construction and 9 percent in plant and machinery and was partly offset by a 16 percent increase in spending on vehicles.

Overall Spending Rises  
Despite the decline in spending by the manufacturing industry, capital expenditures for industry as a whole showed a rise in the second quarter to \$784 million from \$790 million in the first quarter and \$787 million in the 1971 second quarter.

Besides manufacturing expenditures, the overall total comprises spending by the distributive and service industries and by the shipping industry.

Distributive and service industry capital expenditures in the second quarter were \$286 million, up from \$247 million in the preceding quarter and \$235 million a year earlier. Shipping industry spending was \$105 million, up from \$75 million in the preceding quarter and \$69 million a year earlier.

U.K. Reserves  
Rise in Month

LONDON, Sept. 4 (Reuters).—Britain's reserves increased \$8 million last month to \$6,051 billion, the government announced today.

In view of the loss of overseas trade revenue because of the recent dock strike, the financial world was expecting the new reserves total to reflect a further setback.

Instead, even after repayment of overseas debts totalling over \$13 million, the final balance was higher.

The rise—the first since May—follows an \$83 million fall in July, which reflected part of the cost of supporting sterling before its float in late June.

U.K. Air Industry Is Split  
On European Cooperation

FARNBOROUGH, Britain, Sept. 4 (AP).—Britain's aerospace industry this week presents a bigger and brighter face to the world than ever before, but there are clouds on the horizon at the annual Farnborough Air Show.

Irony, a united Europe, lynchpin of this year's display and the main reason the industry is shining on the surface, is also casting the biggest shadow.

With Britain on the threshold of the Common Market, the nation's planners are of two minds about the benefits of continent-wide cooperation.

Some see the possibility of a European industry capable of beating the giants of the United States.

But many key executives question the whole concept of European cooperation. They say Britain has traded valuable knowledge and design experience for an increasingly subordinate role in cross-continent projects.

To survive, they insist, the British aerospace industry must fight European competition, not join in cooperation.

Virtually on the eve of the occasion, Britain's Department of Trade and Industry disclosed that aerospace exports in the first half of this year climbed to an all-time high of \$200 million. This was \$38 million better than the first half of 1971, itself a record period.

One Dollar—

LONDON (AP).—The late and closing interbank rates for the dollar on the major international exchanges:

Sept. 4, 1972

Today

Previous

## FINANCIAL NEWS AND NOTES

### Carreras Consolidation Backed

Shareholders of Carreras Ltd. approved a plan under which the European tobacco interests of the Rupert Group will be consolidated under Carreras, whose name will be changed to Rothmans International Ltd. on Sept. 11, when the merger takes full effect. The \$145 million merger gives Rothmans International full control of Martin Brinkmann of West Germany, Turmac Tobacco of the Netherlands, and 60 percent control of Tabacofina of Belgium. The consolidation also includes 50 percent of Rothmans of Pall Mall (Australia) Ltd. and an indirect interest of about 25 percent in Rothmans Industries of New Zealand. Plans for the merger were announced Aug. 1. The consolidation brings together all the tobacco interests of Anton Rupert other than those in North and South America and Southern Africa. Mr. Rupert founded and effectively controls Rembrandt Corp. of South Africa.

### GM Sees Lower Profits

Third-quarter profits at General Motors will be down after a very good first half, according to chairman Richard Gerstenberg. The company will put its 1972 model cars on sale this month at 1973 prices, pending a resubmission to the Price Commission of a request for a price increase. Mr. Gerstenberg says the amount of the request will be decided after the commission hearings later this month.

### Shipping Lines Plan Tie-Up

Nippon Yusen Kaisha (NYK) and Mitsui Osk Line, Japan's largest and second-largest shipping firms respectively, plan to enter into a broad business tie-up arrangement. NYK says the two lines would study the possibilities of jointly operating liners on routes exclusively served by them. They will also adjust operation of liners on other sea routes and co-ordinate their services to certain overseas ports, NYK adds.

### Thyssen Outlook Little Changed

August Thyssen-Büettgen expects profits for the year ending Sept. 30 to be similar to those in the previous business year, when group net

earnings fell to 63 million deutsche marks from 219 million. Thyssen, Continental Europe's largest steel maker, says conditions have improved over the past few months and it is entering the new 1972-73 business year with "some hope." It notes that the steel market situation has improved considerably since the beginning of the calendar year and said group monthly average crude steel production in the April-June quarter increased to 918,500 metric tons from 840,100 tons in the January-March period.

### Rolls-Royce Turbomeca Sells Engines

Rolls-Royce Turbomeca Ltd. has received an order from the French and British governments for 300 engines to power the Anglo-French Jaguar supersonic strike trainer aircraft. This brings to more than 500 the total number of engines ordered by the two governments. Rolls-Royce Turbomeca is equally owned by Turbomeca of France and Rolls-Royce (1971) Ltd., the government-owned company formed to take over most of the assets of Rolls-Royce Ltd. The value of the new contract was not disclosed, but one industry source said it is worth more than \$50 million.

### Kao Soap to Raise Dividend

Kao Soap of Japan plans to raise its dividend for the half year ending September and to increase its capital through a public offer and a free stock issue. It also forecasts higher sales and profit. Its semi-annual dividend for the current half-year is expected to be 3.75 yen cash plus 2.5 percent in stock, up from 3.75 yen paid for both the preceding term and a year earlier. Kao plans to increase its capital to 2.75 billion yen from 2.1 billion yen through a public offer to be followed by a 10 percent free issue. Shareholders of record on March 31, 1972, will receive one new share for each 10 shares held as of that date. The distribution date is April 1. Net profit for the September term is estimated at 1 billion yen (about \$2 million), up 5 percent from the previous half, 25 percent ahead of a year earlier. Sales are expected to rise to 38.5 billion yen, up 14 percent from the half year and 25 percent over a year earlier.

### Despite Price Unit's Actions

## Most U.S. Firms Unhurt by Profit Curbs

By Michael C. Jensen

NEW YORK, Sept. 4 (NYT).—Most businessmen and economists are unconcerned about the administration's controls on profit margins, even though the Price Commission has taken action against 49 companies for violations of such controls, dozens more price rollback orders are pending, and hundreds more could be issued by the end of the year.

Despite the rollback orders, some companies say they are reassured by a more conciliatory attitude they have found within the Price Commission, although the commission denies that it has softened its stance.

Many economists believe that by the time the controls might pose a serious problem toward the middle of the next year, they will be lifted altogether or substantially relaxed.

"By the second half of next year, profits could turn down (under present profit restrictions)," said Albert H. Cox Jr., chief economist for Lionel D. Edie & Co., "but we don't think it will get to that."

The Price Commission points out that it has ordered 42 of the 3,100 companies it monitors to reduce prices because of profit-margin violations.

Bert Lewis, executive director of the commission, said another 12 concerns have notified the commission of voluntary price reductions because of such violations.

Furthermore, over 100 notices of probable violations are outstanding and several dozen companies may be ordered to roll back prices in coming weeks. That number could swell to 600 or 700 by the end of the year, according to unofficial estimates within the commission.

Profit-margin controls have not prevented corporations from staging a remarkable profit comeback this year. Many economic forecasters believe that pretax profits will be up 15 percent for the year, and may rise an additional 12 to 13 percent in 1973.

Under present rules, a company that raises prices above its base price may not exceed the average profit margin, as a percentage of sales, of any two of its three fiscal years ending before Aug. 15, 1971. The base price is whatever was charged during the 90-day freeze that ended Nov. 15, or on May 25, 1970, whichever was higher.

Regarding the increasingly flexible attitude on the part of the commission's staff, one company said it was allowed to exclude a discontinued business from its base period calculation, allowing it a larger profit margin.

"Earlier, the Price Commission was turning these arguments down," or stalling, said Mr. Cox. "Lately they have been more lenient—or rational is the word."

Another example of the new attitude came from Maremont Corp., a Chicago-based manufacturer and distributor of auto replacement products. It said the commission had given it permission to separate its automotive parts wholesaling business from its other operations for the purpose of price controls. The result was it could raise some prices, even though its total corporate

### Profit Margin Exceeded the Base

Mr. Lewis said his staff had not become more lenient, but because it was now abreast of its workload it was able to move more quickly on requests for exemptions. Further, he said, some companies were entitled to relief from a strict interpretation of the rules, because they could prove inequities.

Production Rate Is Static in U.S.

NEW YORK, Sept. 4 (AP).—The rate of U.S. production growth was static in August while inventories turned up sharply, the National Association of Purchasing Management reported today.

Of association members polled, 33 percent said their production rose in August. In July, 37 percent had said it rose. On the other hand, 10 percent said production declined, down from the 13 percent who said so in July. But 57 percent maintained that production remained the same in August, whereas 51 percent said so in July, the report stated.

Vacation closings and continued difficulty following tropical storm Agnes were mentioned as causes for the sluggishness in production.

After registering negative figures in July, inventories "turned up sharply" in August, the report said. Thus, 25 percent of the association's members reported higher stocks in August, up from July's 16 percent.

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## Exchange Rate Issue Seen Crucial to Reform

By H. Erich Heinemann

NEW YORK, Sept. 4 (NYT).—An ominous quiet is hanging over world financial markets.

With the annual meeting of the 121-nation International Monetary Fund—and the formal beginning of substantive negotiations on basic reform of the international monetary system—only three weeks away, the foreign-exchange markets are quiet and the dollar is showing some signs of strength.

The U.S. balance of payments, which was in massive deficit in late June and early July as a result of the turmoil that followed the floating of the pound, appears to have shown a small surplus in August on the official settlements basis—or, at the very worst, a negligible deficit.

Despite the current calm, however, there are few international financial experts who are ready to predict that the crisis-prone world money markets are really out of the woods.

As the negotiations for basic monetary reform pass out of the ceremonial stage, the deep differences between the major financial powers will come more sharply into view. Uncertainty as to the outcome of the negotiations will increase and new speculative outbreaks in the currency markets can be expected.

To a considerable degree, the underlying political and economic stresses within the North Atlantic alliance appear to be coalescing on either side of the old economic debate over fixed versus flexible foreign-exchange rates.

The question, if not its answer, is simple: How is the international money market to adjust between varying rates of inflation and productivity among nations? Because intense economic trends never completely coincide between countries, currency values have a persistent tendency to get out of line with one another, which means that some sort of adjustment mechanism is required to bring them back together.

High Stakes  
The stakes are huge. Advocates of relatively fixed currency values argue that rate flexibility will create uncertainties among international traders and investors, which will damage the growth of world commerce.

Conversely, those who would allow market forces largely to determine foreign-exchange prices assert that a scheme of fixed rates can only be maintained in the modern world economy at the price of direct controls over the movement of goods and capital that would stifle the dynamism of the multinational entrepreneur.

Foreign-exchange rate flexibility, to be sure, will be only one of many thorny monetary and trade issues that will be on the table in Washington later this month when the new Committee of Twenty—which is to be the forum for the reform negotiations—holds its first meeting. But to a growing number of analysts, it will be the most crucial issue.

Washington, with increasing support from the U.S. business and financial communities, has been arguing for substantially increased flexibility in exchange rates and for a far greater role for market forces in the determination of what currency values should be in relation to each other.

First Priority  
European leaders, while conceding the need for greater flexibility in exchange rates than the (Continued on Page 8, Col. 6)

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First Priority



## Exchange Rate Issue Seen Crucial

(Continued From Page 7)

stability that developed in practice under the agreement that was negotiated at Bretton Woods, H. in 1944, have maintained carefully that the first priority reform must be to retain—and strengthen—the system of fixed par values for currencies that was at the heart of the Bretton Woods arrangements.

To be sure, the Europeans are

**HOW CURRENCIES FLUCTUATE**  
Percentage Deviation From the 1937-39 Average

Year	British Pound	French Franc	German Reichsmark	Japanese Yen
1937	0	0	0	0
1940	5	5	5	9
1945	2	2	2	0
1950	3	3	3	0
1954	4	4	4	0

"is a fear that international commerce would be damaged by changing rates of exchange around with relative prices. But in his opinion that of many others, "this fear has little basis." In an analysis of a large number of panics during business cycles in West Germany which have had fix-

very concerned about the issue of dollar convertibility—a terribly complex subject that in technical terms translates into the problem of finding a productive and profitable outlet for the hoard of some \$60 billion that is presently resting in the unwilling hands of foreign central banks. Few economists, though, believe that the politically-charged question of convertibility can ever be

[illegible]

of the International Monetary Fund (IMF), in Washington last week. The speaker said: "The tone of the discussion was not early in the day by Prof. Walter Oppenheimer of Oxford University, who asserted that the outlook for the international monetary system was 'hopeless and not serious.'"

"It was, however," he asserted, "in this sense, the systematized and comprehensive overhaul of the world financial mechanism was very unlikely; but not serious in the sense that failure to reach agreement on such a reform was increasingly unlikely to result in a general breakdown of world trade."

As a general matter, Prof. Oppenheimer was not sympathetic to the notion that currency values should be set free to find their own levels in the world money markets. But he said that the British government would be "very unlikely to allow the pound sterling—which is now floating in the market—simply to float for at least three years before trying to define a

basic value for the common market."

The sharpest exchanges of the day came over the role of gold in the international monetary system, and what the effect would be of an increase in its official price of \$38 an ounce as set by the United States.



Wolfgang Schmitt, president of the Austrian National bank and a member of the IMF's executive board, argued against such an increase in introducing Prof. Oppenheimer, who has long been a strong advocate of a sharply higher gold price. Mr. Schmitt said a higher gold price would be inflationary, since it would tend to create new purchasing power without any way to find it in hard assets or securities.

In his formal remarks, Mr. Oppenheimer left aside the question of gold, but in line with previously expressed positions it was strongly expressed by Daniel Degen, a senior official of the Bank of France, and Antonio Barba, director of the International Settlements, the central bankers' bank in Basel.

Advocates of floating "the world seems toward a system (i.e., unstable—pegged to gold) of relatively direct or other words, intervention) and change controls."

"The key quest said in a recent international econo whether new rule can be devised and by means to prevent from degenerating for-all in which manipulated by ex- because weapons in commercial advan

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## BLONDIE



## BRIDGE

By Alan Truscott

Changes in the Acer team, which is scheduled to defend its Bermuda Bowl world championship title next year in South America, were reported during the American Contract Bridge League's recent Summer Nationals in Denver when two Aces, Jim Jacoby of Dallas and Paul Soloway of Los Angeles, divorced themselves from their teammates for the Spingold event.

Jacoby's status remains uncertain. But Soloway has accepted an invitation to play with John Swanson of Los Angeles as the third pair in the forthcoming international team playoffs for the B. Jay Becker team that recently won the Spingold in Denver.

Soloway and Swanson were teammates, but not partners, in 1969 when the diagramed deal helped them to win the Vanderbilt Cup. In one room Swanson held the North cards and heard East open a weak two-heart bid in third seat.

South jumped to three spades, showing a hand with strong spades and strong interest in game. West bid four hearts, an action based on the favorable vulnerability, and North put his

partner in four spades. The opening lead was the heart six, dummy played the nine, and South dropped the eight under East's jack.

East tried for a diamond trick at this point by shifting to that suit, but South simply won and played a second heart, emerging eventually with a club trick and a heart ruff in the dummy to go with his own eight solid tricks.

In the replay, the same contract was reached after Soloway, as East, chose not to open the bidding. As shown in the diagram, he came in on the next round, but North-South bid to game in spades.

The play to the first trick was similar, except that the lead was the heart deuce rather than the six, and Soloway then solved the defensive problem correctly. He devoted his attention to preventing a heart ruff, since the lead of the deuce could be from three cards in the partnership style, and found the killing shift of the spade four.

Now South was helpless. He won and led a club to the king, but East ducked, having noted his partner's play of the seven to show an even number of cards. South tried leading second heart, and East won and played the spade ten, condemning South to four losers.

NORTH		EAST	
♠ 93		♠ 104	
♥ K9		♥ AQJ75	
♦ 19832		♦ 765	
♣ KQJ9		♣ A65	

WEST (D)		SOUTH	
♠ 7653		♠ AKQJ2	
♥ 642		♥ 1083	
♦ 104		♦ AKQ	
♣ 7432		♣ 108	

North and South were vulnerable. The bidding:

West	Pass	North	East	South
Pass	Pass	Pass	Pass	Pass
Pass	1NT	2♥	3♣	4♠
Pass	4♠	Pass	Pass	Pass

West led the heart two.

SOLUTION TO PREVIOUS PUZZLE	
1. JACOB	2. BACON
3. BACON	4. BACON
5. BACON	6. BACON
7. BACON	8. BACON
9. BACON	10. BACON
11. BACON	12. BACON
13. BACON	14. BACON
15. BACON	16. BACON
17. BACON	18. BACON
19. BACON	20. BACON
21. BACON	22. BACON
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45. BACON	46. BACON
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59. BACON	60. BACON
61. BACON	62. BACON
63. BACON	64. BACON
65. BACON	66. BACON
67. BACON	68. BACON
69. BACON	70. BACON

## DENNIS THE MENACE



"CAN YA HURRY? THE ICE CREAM TRUCK WON'T WAIT MUCH LONGER!"

## JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

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BYMUP

TALBOC

HINSAB

Print the SURPRISE ANSWER here

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Yesterday's Jumbles VALVE GRAIN ELICIT PARADE

Answer: Climbing—may end up as something that makes you dizzy—A GRAPEVINE

## BOOKS

## RANCHO PARADISE

By John Deck. Harcourt Brace Jovanovich. 310 pps. \$8.50.

Reviewed by Richard R. Lingeman

IN a recent review in The New Yorker of Simone de Beauvoir's "The Coming of Age," Robert Coles was politely exasperated because in her discussion of elderly people today the author lays on the Marxist theorizing with a heavy trowel. Why, Coles wondered, didn't she simply go out and talk to some old people?

In "Rancho Paradise," John Deck does talk to them and, more important, listens. Unencumbered by Marxist baggage and bare of sociological hypotheses and pre-conceptions, Deck spent six months at a trailer park—excuse me, mobile-home park—in Yucaipa, Calif., interviewing its inhabitants, all retired people, all middle-class or lower-class.

He has kept his book on a modest scale and disclaims any authoritative pronouncements on the situation of the aged in the United States. Deck is a novelist ("One Morning for Pleasure") and what truths he finds are institutional, even personal. His own views are confined to short introductory passages; mostly he lets the people living in Rancho Paradise speak for themselves. Deck estimates very roughly that 25 percent of the nation's growing mobile-home population is elderly and retired; certainly he has spotted a significant trend and pinpointed a new life-style.

If they have not found the paradise of the park's name, the old people there have, for the most part, found a reasonably satisfying way of life. Living is cheap in Yucaipa, which is 60 miles east of Los Angeles; one inhabitant estimates that a couple can do pretty well on \$800 a month. (A rent hike, however, can mean belt-tightening; illness can be catastrophic.) The oldsters like the freedom from the responsibilities of home ownership or the escape from the anonymity of the big-city apartment; they feel safe here and glad to be parted from the youth culture; they pay no property taxes; and they like the park's busy, informal social life.

The owner of Rancho Paradise seems a decent man, as long as he makes his 7 to 10 percent profit; but the people tell of other parks where widows who have lost their husbands' pensions are summarily evicted in order to bring in higher-paying tenants. Of course, as in all small towns, there is gossip and conformity; physically, people live cheek by jowl on 54-foot by 70-foot plots. But privacy is respected: there is an unwritten law that if you draw the curtains on your door, friends will not call (of course if the curtains remain drawn for several days it's time to check up: accidents, sickness and death are frequent visitors to Rancho Paradise and they ignore the drawn curtains).

Most of the inhabitants of the park, health willing, find plenty to keep them busy, although the

Richard Lingeman is a New York Times book critic.

## Best Sellers

The New York Times

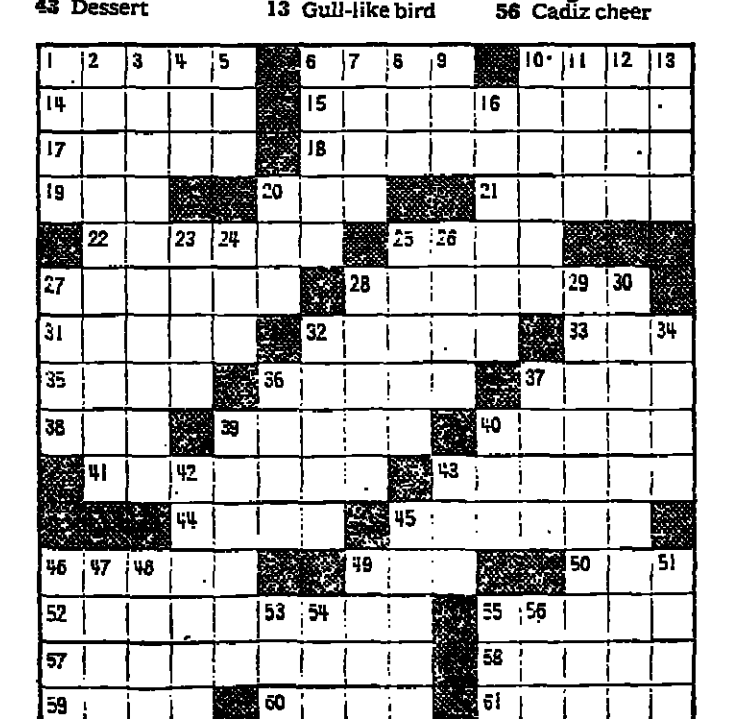
This analysis is based on reports obtained from more than 125 bookstores in 48 communities of the United States. The figures in the right-hand column do not necessarily represent consecutive appearances on the list.

This Week	Weeks on List
FICTION	
1 Jonathan Livingston Sea-	1 19
2 The Winds of War, Wou-	3 41
3 My Name Is Asher Lev,	4 17
4 Captains and the Kings,	2 19
5 The World, Wallace, and	6 24
6 Dark Horse, Knudsen, 5	8 7
7 The Lovers, Ambler, 8	9 13
8 Report to the Commissioner,	10 3
9 A Portrait for Pasts, Jie	11 13
10 The Terminal Man, Chich-	12 16
GENERAL	
1 I'm OK—You're OK,	2 20
2 O Jerusalem! Colins and	1 13
3 The Peter, 8	4 13
4 Eleanor: The Years Alone,	5 13
5 Open Marriage, O'Neill and	6 13
6 den, 3 12	
7 George S. Kaufman, Telch-	8 13
8 The Superhero, 7 8	
9 The Enn, 4 20	
10 O'Connor, 10 3	

## CROSSWORD

By Will Weng

ACROSS		DOWN	
1 Garden bloom	44 Biblical oldest	1 Tennis name	42 Of a season
6 Small barracuda	45 Young animal	2 Began	43 Shooting: Fr.
10 Mine passage	46 George Ade's	3 Pottery piece	44 Riga residents
14 Office worker	fable style	4 Lineman	45 Russian river
15 Lighten	49 "the	5 "Rob"	46 Italian city
17 Creator of Tess	ramparts..."	6 Aegean island	47 Formerly
18 One way to buy	50 Red man	7 Entertainment	48 Great Lake city
19 Blunder	52 Old or New	8 Ivy Leaguer	49 Denver time
20 Deal lightly	55 Kind of	9 Wire: Abb.	50 Poetic word
21 Invertebrate	pneumonia	10 Travel route	51 Bulgarian coin
22 Avian weapons	57 Cross	11 Wall section	52 Cadiz cheer
23 Vegetable, for	58 Fragrant resin	12 Road for Tiberius	
27 Pour off	59 Outing spoiler	13 Gull-like bird	
28 Sweet	61 Donne's forte		
31 Western brick			
32 Sudden shocks			
33 Professional			
34 men: Abb.			
35 Whitefish			
36 "Bulba"			
37 Insufficient			
38 Place			
39 English county			
40 Fissile rock			
41 Sandals for			
42 Mercury			
43 Dessert			





## Spitz Wins 7th Gold Medal

## Positive Drug Test Bans U.S. Swimmer De Mont

(Continued from Page 1)

Graham Windham and fellow American Douglas Northway in the world-record time of 15:52.6.

The women were just as mighty tonight, with a one-two-three and a one-two finish. Melissa Belotte added the 200-meter backstroke crown to the 100 backstroke she had already captured. Tonight, though, she set a world record, winning in 2:19.2, ahead of her countrywoman Stacie Alwood and Canadian Donna Marie Gurr. Karen Moe, not wishing to be left out of the gold medal grab, took the 300-meter butterfly with a world record 2:15.6, beating Lynn Colella and Ellie Daniel.

## Below '68 Level

Neither the men nor women swimmers equaled their gold and total medal output of 1968, but swimming—as has been the case since 1964—will still be the greatest medal accumulator for the U.S. contingent. That was an honor that used to belong to track and field.

This year, the women won nine golds, five silvers and four bronzes—and just missed medals with 10 fourth-place finishes—compared to 13 firsts, seven seconds and 10 thirds in 1968 in the 15 swimming events.

The men in 1968 were: 11-10 in 17 tries, and this year, so far, they are 8-8-5. The final count will depend on what happens to De Mont, who had finished in front of Australian Brad Cooper

and American Steve Genter in that 400 freestyle.

The USOC, under constant "prima donna" criticism as soon as it arrived in Munich, has promised to give an explanation tomorrow. Today, the only spokesman for the U.S. swimming team was its manager, Ken Treadway, who confirmed that the drug tests were positive, moments before the 1,500 started.

## Medal Standings

	After 117 Events	Gold	Silver	Bronze	Total
United States	23	24	20	20	69
Soviet Union	16	12	20	16	58
G. Germany	16	12	17	45	55
Japan	11	6	8	25	44
W. Germany	7	6	8	9	22
Australia	4	3	2	13	19
Poland	4	3	2	12	19
Sweden	4	2	3	9	16
Finland	4	2	3	9	16
Bulgaria	3	6	1	10	19
Italy	1	6	5	11	21
British	3	3	3	8	16
Hungary	2	6	10	18	36
France	2	6	10	18	36
Czechoslovakia	1	3	2	6	11
Yugoslavia	1	3	2	6	11
New Zealand	1	1	0	2	3
Finland	1	0	2	3	3
East Germany	1	0	1	1	2
North Korea	1	0	1	2	3
Denmark	1	0	0	1	1
China	0	1	0	1	2
Canada	0	2	2	4	6
Switzerland	0	2	0	2	4
Germany	0	2	0	2	4
U.S.S.R.	0	1	1	2	3
Austria	0	1	2	3	3
Iran	0	1	1	3	3
South Korea	0	1	1	2	3
Lebanon	0	1	0	1	1
Mongolia	0	1	0	1	1
North Korea	0	1	0	1	1
Columbia	0	1	0	1	1
Argentina	0	1	0	1	1
Sweden	0	1	0	1	1
Japan	0	1	0	1	1
Brazil	0	0	2	2	2
Jamaica	0	0	1	1	1
Cuba	0	0	1	1	1
Ethiopia	0	0	1	1	1







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